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IDAHO PUBLIC  
UTILITIES COMMISSION

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Attorneys for Idaho Rivers United, NW Energy Coalition, Land and Water Fund of the Rockies, and Idaho Rural Council

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE FILING</b>	)	<b>Case No. IPC-E-02-08</b>
<b>BY IDAHO POWER COMPANY OF</b>	)	
<b>ITS 2002 INTEGRATED RESOURCE</b>	)	<b>REPLY OF CLEAN ENERGY</b>
<b>PLAN (IRP)</b>	)	<b>ADVOCATES ON MOTION TO</b>
	)	<b>INITIATE FORMAL</b>
	)	<b>PROCEEDING</b>

Idaho Power's objection to the Motion to Initiate Formal Proceedings by Idaho Rivers United, NW Energy Coalition, Land and Water Fund of the Rockies, and Idaho Rural Council ("Advocates"), is based primarily upon two grounds. First, that the Garnet facility still exists as a possible future resource, and that the Company has until October to file its "report or plan" regarding whether Garnet will actually be constructed. Answer to Motion, p. 3. That report or answer will, presumably, also indicate the Company's

plans to meet future energy needs if Garnet remains financially unviable. Second, Idaho Power contends that the availability and possible implementation of DSM is already being addressed by the Energy Efficiency Advisory Group (“EEAG”) pursuant to Commission Order in Case No. IPC-E-01-13. Idaho Power states that: “[a]s those programs are developed, funded and implemented, they will be included in the Company’s plans for meeting load.” Answer to Motion at p. 4.

Neither argument is a valid excuse for the Company’s deficient IRP. If Idaho Power is permitted to file an IRP grounded on a resource which in all likelihood will not be acquired, and also lacking in any serious discussion of potential cost-effective DSM and renewable resources, then the IRP process itself is rendered meaningless.

Regarding Garnet, the Company has all but declared that potential resource to be defunct; yet Garnet formed much of the foundation upon which Idaho Power’s 2002 IRP was constructed. The 2002 IRP should be rejected for that reason alone.

Idaho Power’s statement that DSM resources will be “developed, funded and implemented” sometime in the future highlights the concerns expressed by the Advocates in the Motion and comments submitted in response to the Company’s IRP. We hope Idaho Power is correct that DSM implementation is actually forthcoming. The critical point for purposes of the current Motion, however, is that the IRP fails to discuss what those resources might be, even in the most general terms.

Even if detailed studies of DSM potential are not complete for Idaho Power’s service territory, the Company certainly is not working from a blank slate on this issue. Excellent information is available through regional studies, experience of other regional utilities during the energy crisis of 2000-01, and Idaho Power’s historical experience in

DSM, all of which could have informed the IRP, but were ignored by Idaho Power. The testimony submitted in the Garnet case (IPC-E-01-42) by witnesses Tom Power, Bill Chisholm and Jeff Brooks, demonstrated that there are many possible ways to avoid the relatively high marginal cost and risky homogeneity of relying almost exclusively on traditional hydropower and thermal-based generating plants (which use fuel sources subject to the whims of nature and market price volatility) to meet essentially all future energy needs. Should the Commission grant the pending Motion and hold formal hearings in this matter, the Advocates intend to present testimony of these witnesses, as well as Ms. Nancy Hirsh, Policy Director of NW Energy Coalition.<sup>1</sup>

The Advocates understand and anticipated reluctance to open a new docket for the purpose of addressing the many, important issues facing Idaho Power and its ratepayers. But we believe the IRP process, and perhaps general rate cases, are the only proceedings in which the Commission and the public must take a comprehensive look at Idaho Power's resources and plans. While the trend toward increasingly piecemealed review of regulatory issues may have value in some respects, the IRP process is one of the few opportunities we have to take a step back, and insure that the Company's long-term planning is just and reasonable. If the Company's load/resource balance predictions are even close to accurate, there is little time to waste in devising an IRP, and IRP process, that is meaningful for the Commission and the public. IRPs are only filed every two years, and the Company is not required to update the data therein during the interim.

The Advocates are not suggesting that the Commission "micro-manage" Idaho Power's resource acquisition decisions. Nonetheless, the Advocates strongly urge the

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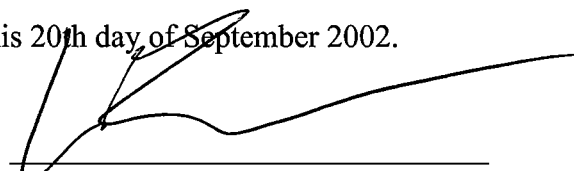
<sup>1</sup> Incidentally, Idaho Power's Attachment 1 to its Answer to Motions neglected to list the NW Energy Coalition as a participating member of the EEAG.

Commission to take a more proactive role in scrutinizing Idaho Power's IRP and ensuring that ratepayers' interests are properly addressed therein.

In sum, the IRP is grounded on a resource which is unlikely to be built, and does not disclose all cost-effective resources to help the Company and the Commission comply with the fundamental statutory mandate governing regulated monopolies such as Idaho Power: to provide "adequate, efficient, just and reasonable" service. IC § 61-302. The Advocates view the IRP as, ideally, a "road map" toward that mandate, which should include alternative routes. At present, the map is incomplete.

We recognize that a formal hearing process would be a departure from the Commission's normal review of IRPs. However, we believe such an investigation is warranted in this case. The Advocates request that the Commission initiate formal proceedings for the purpose of investigating cost effective resources which should be pursued in the short and long term to the benefit of ratepayers.

RESPECTFULLY SUBMITTED, this 20<sup>th</sup> day of September 2002.



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William M. Eddie  
Land and Water Fund of the Rockies

## CERTIFICATE OF SERVICE

I hereby certify that on this 20th day September 2002, true and correct copies of the foregoing REPLY TO MOTION TO INITIATE FORMAL PROCEEDING were delivered to the following persons via the method of service noted:

Via Hand-Delivery:

Commission Secretary  
Idaho Public Utilities Commission  
427 W. Washington St.  
Boise, ID 83702-5983

Via U.S. Mail:

Barton Kline  
Greg Said  
Idaho Power Company  
P.O. Box 70  
Boise, ID 83707-0070

A handwritten signature in black ink, appearing to be 'WJZ', followed by a horizontal line extending to the right.